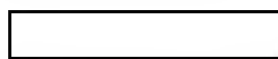


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25 August 1961

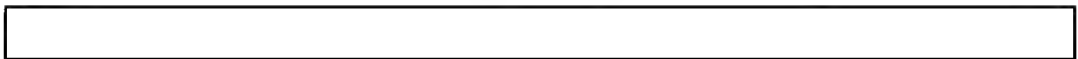


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CENTRAL INTELLIGENCE BULLETIN



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25 August 1961

CENTRAL INTELLIGENCE BULLETIN

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- [REDACTED]
2. Bloc may use refugee "Homeland Day" meetings in West Berlin as pretext for new moves against West German access to city. (*Page tt*)

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4. South Korea: US ambassador foresees showdown between General Pak and more radical, younger officers. (*Page itt*)
 5. France: Saharan Affairs Ministry downgraded and Ministry for Repatriated Persons established. (*Page iv*)

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7. UAR: Discontent prevails among Syrians following governmental reorganization centralizing control in Cairo. (*Page iv*)
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West Berlin: A planned meeting in West Berlin of West German refugee and expellee groups on 1-3 September may be the occasion for the imposition of East German measures to bar West Germans from East Berlin and to refuse passage at the East - West German border to identifiable participants in the refugee meeting. Such moves, which would probably be announced in advance as was the case last year, would violate last December's understanding between Bonn and the East Germans, consequently risking a breakoff by West Germany of interzonal trade. East Germany probably expects that suspension of interzonal trade is inevitable, and hence may attach no great significance to risking such reprisal even before a peace treaty. OK

The increasing assertiveness of the East Germans and the tone of the latest Soviet note suggest that the Communists are planning to maintain a state of high tension in Berlin and sustain the momentum of their recent actions. Thus far, however, Communist propaganda has not focused on the scheduled meeting.

The refugee meeting might also be the pretext for following the Soviet protest note with increased pressure on the Western civilian airlines to accede to East German controls over their passengers and cargo; while direct physical interference with air travel appears unlikely because of risk of provoking a military clash, the Soviets may temporarily refuse to guarantee the safety of civilian flights during the refugee meeting.

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DAILY BRIEF

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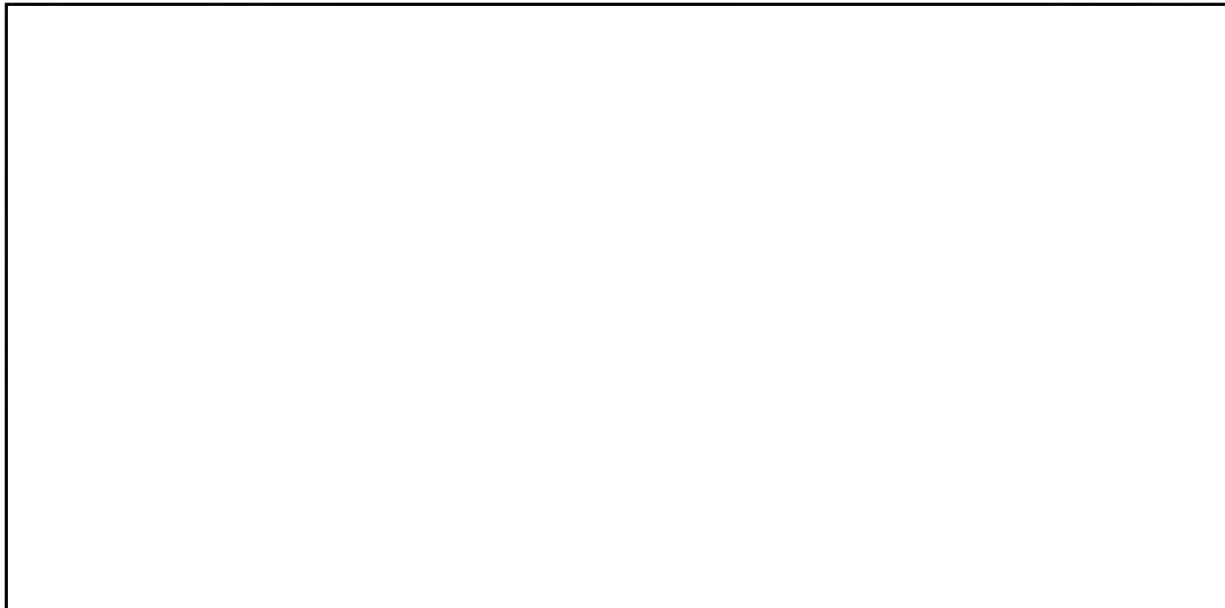
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South Korea: /Lt. General Pak Chong-hui is almost certainly headed for a showdown "sooner or later" with the radical young colonels in the Supreme Council for National Reconstruction, according to Ambassador Berger in Seoul. Pak's apparent willingness to accord moderate treatment to officials of the former regime and to allow a return to civil government in 1963 is strongly opposed by the colonels. While Pak himself is reluctant to agree to complete restoration of civilian authority, he appears to appreciate the disadvantages of imposing harsh measures on former officials and prolonging military rule. Ambassador Berger feels that Pak will be able to "educate" the colonels to accept a moderate course "only up to a point," and a showdown will follow. The ambassador notes that security boss Colonel Kim Chong-pil, whose mandate extends into the military as well as the civilian population, is the most dangerous of the radical element.

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DAILY BRIEF

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*France: The chief innovations in the 24 August French cabinet changes, creation of a Ministry for Repatriated Persons and downgrading of the Saharan Affairs Ministry, will probably be attacked by De Gaulle's rightist opponents as evidence of an intention to "abandon Algeria." The changes are not, however, a major political shake-up such as that following the January 1960 Algiers insurrection, when De Gaulle fired Jacques Soustelle and shifted Pierre Guillaumat from the Ministry of Armed Forces. While the changes seem unlikely to stem mounting criticism of Premier Debré, they are not expected to reduce public confidence in De Gaulle.

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UAR: The US consul in Damascus reports that Nasir's recent economic decrees and reorganization of the UAR government have brought to Syrians the realization that they are now faced with "complete and direct rule from Cairo." The consul reports that discontent is prevalent among various

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DAILY BRIEF

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25X1 [redacted]

levels of Syrians but adds, "to conclude that revolt is in the offing could not be justified." There is as yet no sign of active disaffection in the army, although Syrian army personnel are reportedly becoming "increasingly detached from and even hostile to" the numerous Egyptian officers serving in Syria.

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Chile: The conservative government of President Alessandri has placed Chile's major industrial areas including the capital under military control as a result of a strike wave which effects some 120,000 workers and appears to be spreading. Alessandri is seeking to minimize wage increases to save his economic stabilization program and prevent further inflation. [The Communist-dominated leadership of Chile's national labor organization is reported to be considering a 48-hour general strike call. The labor organization's leadership has little influence with most individual unions and federations, but can be expected to exploit the present labor unrest in an effort to improve its position.] [redacted]

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DAILY BRIEF

v

25X1 [redacted]

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German Refugee Meeting in West Berlin

Although Mayor Brandt has agreed not to address the refugee and expellee gatherings and West Berlin officials have urged participants to exercise restraint and avoid the question of the "lost territories," the Communists may, as they did last year, choose to consider the affair a "provocation."

East Germany used the meetings last September as a pretext for imposing restrictions on West German civilian access to West Berlin. From 30 August to 4 September 1960, approximately a thousand West German delegates were refused access by rail or highway on grounds that use of access routes by "West German revanchists and militarists" could not be tolerated. The East Germans also objected to the use of the Allied air corridors for transporting "revanchists," but approximately 700 West Germans were flown to West Berlin at the expense of the city government without incident.

On 30 September last year Bonn, citing the interference with the refugee meeting as well as an East German decree of 8 September imposing controls on West German access to East Berlin, served notice that it would not extend the Interzonal Trade Agreement expiring in December, 1960. The agreement was renewed only after East Germany had given guarantees of free movement for all persons and goods to and within Berlin.

Bonn now would consider any interference with West German access to Berlin a violation of these guarantees.

Chancellor Adenauer warned in a speech on 14 August that Bonn was considering cancellation of its interzonal trade agreement with East Germany and that there would be a complete trade embargo of the Communist bloc if the Berlin issue could not be settled. Although the East Germans threatened on 15 August to cut off West German freight traffic to West Berlin if Bonn interrupted interzonal trading, Adenauer warned again the following day of economic sanctions "in the case of a (future) move against Berlin." [REDACTED]

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South Korea

[Lt. General Pak Chong-hui recently told Ambassador Berger that he was pleased by President Yun Po-sun's 15 August Liberation Day speech--which generally endorsed Pak's announced timetable for a return to civilian government in 1963 but which expressed the hope that the period of military rule could be shortened. Pak went on to say that he was well aware of Colonel Kim Chong-pil's view that the military must maintain control of the new civilian government and that Kim "was not alone" in this belief. However, he and others on the Supreme Council for National Reconstruction understood the danger inherent in such a development and did not share Kim's view.]

[Pak explained that in order to keep his position flexible he had been intentionally vague in his announcement regarding who would draw up the new constitution, draft the election laws, and determine which politicians would be barred from office. He said he was considering an independent public commission or perhaps even a constitutional assembly to deal with these matters, but that not all members of the Supreme Council were ready to accept such a procedure. He hoped to be able to announce some such solution at the appropriate time.]

[Kim and the other radical colonels reportedly were infuriated by the President's public comments on the need for a return to free political processes. Kim stated in early August that the military must watch any new civilian government for at least five years "to see that everything is going straight." He said that the junta was considering such devices as having one military officer automatically elected from each electoral district to the new legislature; having the Supreme Council remain in office for five years to supervise the performance of the new government; or placing selected officers in the executive branches of the government as supervisors.]

[Conflicts over preparation for the return to civilian government can be expected to intensify. Factional divisions within]

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[the ruling group are blurred, but extensive evidence indicates that Pak must continually overcome strongly divergent views in maintaining his leadership. [redacted] Pak soon will revise the membership of the Supreme Council in an attempt to achieve greater unity within both the ruling junta and the armed forces.] [redacted]

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Discontent in Syria

The discontent which Consul General Knight has noted in Syria is directly attributable to the recent decrees from Cairo. Landowners and businessmen were long ago disillusioned by the regime's socialist tendencies, but were still shocked by the severity of last month's moves toward government domination of the entire economy. Old-line politicians in Syria probably see the new centralization of government as the final blow to their hopes for local autonomy. The new decrees have also disturbed the middle class by introducing higher income taxes. Factory workers are concerned over the elimination of over-time and production bonuses, but this may be ameliorated by the regime's plans to initiate profit sharing and worker participation in management.

The key to the future relationship between Syria and Egypt may prove to be Abd al-Hamid Sarraj, the only man generally considered capable of leading a Syrian separatist movement. Since the 1958 union, Sarraj has moved progressively upward from Syria's military security chief to UAR vice president in charge of internal affairs, a position assigned him in last week's government reorganization. Sarraj has dominated Syrian affairs as Nasir's strong-arm lieutenant. At the same time, Sarraj has reportedly been careful to build personal allegiances to himself, particularly in the Syrian Army.

Intense speculation is going on over the real role Sarraj will play from his new headquarters in Cairo, with many observers interpreting the move as designed by Nasir to neutralize a man who could no longer be trusted to enforce the regime's Syrian policy. [redacted] Nasir privately stated on 18 August that his reason for changing the cabinet was to get Sarraj out of Syria. [redacted]

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Chilean Government Faced With Spreading Strikes

About a quarter of Chile's organized workers are on strike. They include such key elements as the railway, steel, and copper workers. High school students throughout the country began a sympathy strike on 23 August.

The government's ability to cope with the strike situation is weakened by its recent failure to widen its organized political backing. Alessandri, who is supported by a rightist Conservative-Liberal coalition, sought earlier this month to persuade the centrist Radical party to join his government. Negotiations failed as a result of the right's unwillingness to agree to agrarian and tax reforms and a general tax increase.

The American copper companies, whose strike-bound mines normally provide most of Chile's foreign exchange income, are under increasing harassment. Negotiations are apparently almost completed for government sale of 60,000 tons of copper from these companies to the Soviet Union, despite the reluctance of the American firms. The Chamber of Deputies voted unanimously at a special session on 22 August to appoint a committee to look into all the activities of the companies and "determine whether their methods of doing business serve the best interests of Chile." Communists and other antigovernment deputies led the debate, accusing the governing Conservatives and Liberals of supporting the foreign firms--a charge denied by the progovernment legislators.

The government has prepared a bill for submission to Congress in September calling for increases in copper production and in the capacity of copper smelters in Chile and for improvement in workers' housing. The minister of mines suggested to US Embassy officials in Santiago on 21 August that the companies should reorganize to become Chilean rather than US companies in the interest of their public and political relations.

[REDACTED]

[REDACTED]

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